

AMENDED IN ASSEMBLY APRIL 21, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 747

**Introduced by Assembly ~~Member Matthews~~ *Members Matthews
and La Malfa***

February 19, 2003

An act to add Section 14105.49 to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 747, as amended, Matthews. Medi-Cal: durable medical equipment.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons.

Under existing law, ~~hearing aids~~, durable medical equipment, and medical supplies are covered benefits under the Medi-Cal program, subject to utilization controls.

Under existing law, the department may enter into exclusive or nonexclusive contracts on a bid or negotiated basis with manufacturers, distributors, dispensers, or suppliers of appliances, durable medical equipment, medical supplies, and other product-type health care services for the purpose of obtaining the most favorable prices to the state and to assure adequate quality of the product or service, with certain exceptions.

Existing law requires the department to establish a list of maximum allowable product costs (MAPC) for medical supplies.

This bill would require the department to establish a list of maximum allowable product costs for durable medical equipment provided under the Medi-Cal program.

This bill would provide that the maximum reimbursement rate for the dispensing of each item of durable medical equipment shall not exceed the lesser of the cost of the item, plus a percentage markup as determined by the department, the contracting rate, or the federal medicare reimbursement rate.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 14105.49 is added to the Welfare and
2 Institutions Code, to read:
3 14105.49. (a) (1) The department shall establish a list of
4 durable medical equipment and determine the maximum
5 allowable product cost for each item of durable medical equipment
6 provided as a benefit under the Medi-Cal program.
7 (2) *The list established pursuant to paragraph (1) shall be*
8 *published in provider manuals. Notwithstanding the rulemaking*
9 *provisions of the Administrative Procedure Act (Chapter 3.5*
10 *(commencing with Section 11340) of Part 1 of Division 3 of the*
11 *Government Code), actions of the department under this section*
12 *shall not be subject to the Administrative Procedure Act or to the*
13 *review and approval of the Office of Administrative Law.*
14 (b) *The maximum reimbursement rate for the dispensing of*
15 *each item of durable medical equipment shall not exceed the lesser*
16 *of the following:*
17 (1) *The cost of the item, plus a percentage markup as*
18 *determined by the department.*
19 (2) *The contracting rate.*
20 (3) *The federal medicare reimbursement rate.*

